IGNIS ASSET MANAGEMENT LIMITED

Company Registration Number: SC200801

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2010

Contents **Page**

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 2010.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the comparative information has been restated accordingly. In previous years the accounts of the Company were prepared in accordance with applicable United Kingdom Generally Accepted Accounting Principles ("UK GAAP"). Information on the effect of the transition to IFRS is given in note 3.

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 ones being Ignis Investment Services Limited, providers of investment management services and investment advice, and Ignis Fund Managers Limited, managers of Unit Trusts and Individual Savings Accounts investing solely in Unit Trusts.

The Company is a limited company incorporated in Scotland.

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

Strategy
The strategy of The Phoenix Group, of which the Company is a member, is to be recognised as the best and most innovative manager of closed life assurance funds to improve returns for policyholders and deliver value for shareholders.

The Ignis Group aims to be a leading asset management business that delivers top quartile performance, is a compelling competitor where it operates and a key driver of share price. The Ignis Group intends to fulfil this aim by meeting its objectives:

- to deliver top quartile investment performance;
- provide a single, consistent, high quality and profitable service to life companies;
- develop a profitable and growing third party business; and
- ensure a well controlled and efficient operating platform.

Corporate activity
On 1 January 2010 the Company assisted its subsidiary, Ignis Investment Services Limited, to acquire a new subsidiary, Ignis Investment Management Limited (formerly Axial Investment Management Limited), by transferring shares and cash obtained from the immediate parent entity, Impala Holdings Limited. This transfer increased the value of the Company's investment in subsidiaries by the capital contribution.

Ignis Investment Services Limited then acquired the business and net assets of the new subsidiary, Ignis Investment Management Limited, for its fair value of £25,400,000. A dividend was then paid by the new subsidiary to its parent entity, Ignis Investment Services Limited, and this was transferred to Impala Holdings Limited, via the Company. The payment of this dividend reimbursed Impala Holdings Limited for the cash contribution which facilitated the original purchase.

The value of the Company's investment in subsidiaries was subsequently written down by the value of the dividend paid. Please refer to note 14 for further details of this transaction.

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 £20,657,000 (2009: £13,030,000).

Dividends totalling £42,984,000 were paid during the year (2009: £13,000,000) to the parent entity Impala Holdings Limited. Dividends totalling £42,984,000 were received during the year from subsidiaries (2009: £13,000,000).

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 impairment of 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 19 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 Group will continue to focus on delivering the key elements of the Ignis Groups' strategy. In achieving this, the Ignis 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 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 foreseeable future. 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 – appointed 2 March 2011, Chairman
J Moss – appointed 27 January 2010, resigned 7 February 2011
J Yates – appointed 23 September 2010
C Samuel
J Polin
I Paterson Brown
T Roberts – appointed 10 February 2010
C Fellingham – appointed 10 February 2010
D Cummins – appointed 24 June 2010, resigned 31 December 2010
R Cook – resigned 3 February 2010
P Dixon – resigned 30 April 2010
P Reid – resigned 28 April 2010
T Cross Brown – resigned 1 April 2010

Company Secretary
D A Wagner acted as Secretary until 20 September 2010. Thereafter, S Griffin, was appointed as Secretary.

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
Stephanie Griff
S GRIFFIN
Company Secretary

23 March 2011

Statement of Directors' responsibilities in relation to the Company financial statements

The Directors are responsible for preparing the Annual Report and the Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under company law the Directors must not approve the Company financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing the Company financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* 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 in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group'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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. 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 auditor's report to the member of Ignis Asset Management Limited

We have audited the financial statements of Ignis Asset Management Limited for the year ended 31 December 2010 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity, 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 as adopted by the European Union ("IFRS").

This report is made solely to the Company's member 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 auditors

As explained more fully in the Statement of Directors' Responsibilities 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 to 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.

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 2010 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

Gordon Coull (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
24 March 2011

Statement of comprehensive income
for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Revenue			
Net investment income	4	43,041	13,030
Impairment loss	14	(22,384)	-
Profit for the year before tax		20,657	13,030
Tax charge	7	(16)	(8)
Profit for the year attributable to owners		20,641	13,022
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners		20,641	13,022

Statement of financial position
as at 31 December 2010

	Notes	As at 31 December 2010 £000	As at 31 December 2009 £000	As at 1 January 2009 £000
Equity attributable to owner				
Share capital	8	1	1	1
Share premium	9	49,999	49,999	49,999
Other reserve	10	50,000	50,000	50,000
Capital contribution reserve	11	50,800	-	-
Retained earnings		80,695	103,038	103,016
Total equity		231,495	203,038	203,016
Current liabilities				
Other payables	13	357	232	238
Total liabilities		357	232	238
Total equity and liabilities		231,852	203,270	203,254
Non-current assets				
Investments in subsidiaries	14	231,149	202,733	202,733
Financial assets	15	637	216	116
Total non-current assets		231,786	202,949	202,849
Current assets				
Cash and cash equivalents	16	66	321	405
Total current assets		66	321	405
Total assets		231,852	203,270	203,254

On behalf of the Board

Chris Samuel

Date 23 MARCH 2011

Company Registration No: SC200801

Statement of cash flows
for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Cash flows from operating activities			
Cash generated/(absorbed) by operations	17	111	(13)
Taxation paid		-	-
Net cash flows from operating activities		111	(13)
Cash flows from investing activities			
Purchase of investments		(564)	(85)
Proceeds from sale of investments		198	14
Dividends received from subsidiaries		42,984	13,000
Cash capital contribution paid to subsidiary		(25,400)	-
Net cash flows from investing activities		17,218	12,929
Cash flows from financing activities			
Ordinary share dividends paid		(42,984)	(13,000)
Cash capital contribution from Impala Holdings Limited		25,400	-
Net cash flows from financing activities		(17,584)	(13,000)
Net (decrease) in cash and cash equivalents		(255)	(84)
Cash and cash equivalents at the beginning of the year		321	405
Cash and cash equivalents at the end of the year	16	66	321

Statement of changes in equity
for the year ended 31 December 2010

	Share capital (note 8) £000	Share premium (note 9) £000	Capital contribution reserve (note 11) £000	Retained earnings £000	Other reserves (note 10) £000	Total £000
At 1 January 2010	1	49,999	-	103,038	50,000	203,038
Profit for the year	-	-	-	20,641	-	20,641
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	20,641	-	20,641
Dividends paid on ordinary shares	-	-	-	(42,984)	-	(42,984)
Receipt of capital contributions	-	-	50,800	-	-	50,800
At 31 December 2010	1	49,999	50,800	80,695	50,000	231,495

	Share capital (note 8) £000	Share premium (note 9) £000	Retained earnings £000	Other reserves (note 10) £000	Total £000
At 1 January 2009	1	49,999	103,016	50,000	203,016
Profit for the year	-	-	13,022	-	13,022
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	13,022	-	13,022
Dividends paid on ordinary shares	-	-	(13,000)	-	(13,000)
At 31 December 2009	1	49,999	103,038	50,000	203,038

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
Investments in subsidiaries are subject to impairment reviews when management are aware of objective evidence of impairment. 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) 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.

(e) 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.

(f) Cash and cash equivalents
Cash and cash equivalents comprise cash balances held with at least A rated banks (Standard and Poor's rating).

(g) 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.

(h) 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.

(i) Share capital

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

(j) 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.

(k) 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.

(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 2010, set out on pages 8 to 11, were authorised by the Board of Directors for issue on 21 March 2011. The financial statements have been prepared in accordance with IFRS. The comparative amounts for the year ended 31 December 2009 are based on the Company's financial statements for that year after adjustment for the transition from United Kingdom Generally Accepted Accounting Principles ("UK GAAP") to IFRS.

Information on how the transition to International Financial Reporting Standards has affected the financial position, financial performance and cash flows of the Company is given in note 3.

In preparing the financial statements the Company has adopted all applicable standards, interpretations and amendments which have been issued by the Accounting Standards Board and have been adopted for use by the EU in 2010.

In addition, the Company has adopted the amendments to IAS 24 *Related Party Disclosures*. These amend the definition of a related party, clarify its intended meaning and eliminate inconsistencies and, as permitted, have been early adopted from 2010.

The International Accounting Standards Board 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 of adopting them is subject to evaluation but is currently not expected to have a material effect on the results of the Company.

- IFRS 9 *Financial Instruments* (2013). IFRS 9 is the first phase of the project to replace IAS 39 *Financial Instruments: Recognition and Measurement* and deals with the classification and measurement of financial assets and financial liabilities, including some hybrid contracts.
- Annual improvements 2010 (2011). This makes a number of minor improvements to existing standards and interpretations.
- 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.

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

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (2011).
- Classification of Rights Issues (Amendments to IAS 32) (2011).
- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) (2011).
- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1). (2012).

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.

3. Transition to IFRS

The financial statements for 2010 have been prepared in accordance with IFRS. The date of transition from UK GAAP to IFRS is 1 January 2009 and accordingly the comparative amounts presented for the year ended 31 December 2009 are based on the Company's financial statements for that year after adjustment for the transition to IFRS.

Certain International Financial Reporting Standards permit entities to choose between alternative accounting treatments. The principal choices that have been made by the Company are set out below.

Investments in subsidiaries

IAS 27 *Consolidated and Separate Financial Statements* permits an entity to measure its investments in subsidiaries at either cost or fair value and the Company has decided to adopt cost in its IFRS accounting policy. IFRS 1 *First-time Adoption of International Financial Reporting Standards* permits a first time adopter to use their UK GAAP carrying values of investments in subsidiaries as the deemed cost on transition to IFRS. Advantage has been taken of this exemption and accordingly the previous UK GAAP carrying amounts of investments in subsidiaries have been used as the deemed cost in the first IFRS financial statements. Subsequently, investments in subsidiaries will be measured at cost less impairment as required by IAS 36 *Impairment of Assets*. Consequently, no measurement changes have been made on transition to IFRS.

The transition to IFRS has not resulted in any change to the amount of equity reported as at either 1 January 2009 or 31 December 2009 or to the total comprehensive income reported under IFRS for the year ended 31 December 2009 compared to the equivalent income reported under UK GAAP. Under UK GAAP the Company was exempt from presenting a cash flow statement.

No significant classification changes have arisen on presenting the IFRS statement of financial position as at 1 January 2009 and 31 December 2009, or on presenting the statement of comprehensive income for the comparative period to 31 December 2009.

4. Net investment income

	2010	2009
	£000	£000
Dividends from subsidiaries	42,984	13,000
Gain from investments at fair value through profit and loss	55	29
Interest receivable	2	1
	43,041	13,030

5. Directors' remuneration

	2010	2009
	£000	£000
Salaries and other short term benefits	3,875	1,980
Termination benefits	353	666
Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	4,228	2,646
Post-employment benefits	84	40
Other long-term benefits	-	-
Share-based payments	-	104
	84	144
Amounts provided for Directors under share-based payment schemes:	3,400	-
Number of Directors who:		
- are members of a defined benefit pension scheme	2	3

	2010	2009
	£000	£000
Highest paid Directors' remuneration:		
Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	576	327
Termination benefits	-	666
	576	993
Remuneration under long-term incentive scheme	2,500	104
Total accrued pension at 31 December	22	21

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.

6. Auditors' remuneration

The remuneration of the auditors of the Company, including their associates, was £9,000 (2009: £5,000).

	2010 £000	2009 £000
Audit of the financial statements	9	5
	9	5

The remuneration receivable by the Company's auditors for auditing the 2010 financial statements was paid by Pearl Group Management Services Limited and recharged to the Company's subsidiaries, Ignis Investment Services Limited and Ignis Fund Managers Limited.

7. Tax charge

	2010 £000	2009 £000
Current tax:		
UK Corporation tax	16	8
Adjustment in respect of prior years	-	-
Total tax charge	16	8

Reconciliation of tax charge

	2010 £000	2009 £000
Profit before tax	20,657	13,030
Tax at standard UK rate of 28%	5,784	3,648
Income not taxable	(12,036)	(3,640)
Permanent disallowables	6,268	-
Total tax charge for the year	16	8

8. 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.

	2010 £000	2009 £000
Authorised, issued and fully paid: 1,000 (2009: 1,000) ordinary shares of £1 each	1	1

9. Share premium

	2010 £000	2009 £000
At 1 January	49,999	49,999
Premium on shares issued during the year	-	-
At 31 December	49,999	49,999

10. Other reserves

	2010 £000	2009 £000
At 1 January	50,000	50,000
Transfer from retained earnings	-	-
At 31 December	50,000	50,000

11. Capital contribution reserve

	2010 £000	2009 £000
Brought forward as at 1 January	-	-
Contribution received as at 1 January	50,800	-
Contribution repaid	-	-
At 31 December	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 Managers Limited.

This capital contribution has been 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. Please refer to note 14 for further details.

12. Dividends on ordinary shares

	2010 £000	2009 £000
Final dividend for prior year at £6,600 per share (2009 £5,000 per share)	6,600	5,000
Interim dividend in current year at £14,000 per share (2009 £8,000 per share)	14,000	8,000
Interim dividend in current year at £22,384 per share (2009 £nil per share)	22,384	-
	42,984	13,000

For details of the interim dividend relating to Ignis Investment Management Limited, please refer to note 14.

13. Other payables

	2010 £000	2009 £000
Amounts due to fellow Group entities	357	232
	357	232

14. Investment in subsidiaries

	2010 £000	2009 £000
Cost		
At 1 January	202,733	202,733
Additions	-	-
Capital contribution to Ignis Investment Services Limited	50,800	-
Disposals	-	-
At 31 December	253,533	202,733
Impairment		
At 1 January	-	-
Impairment charge	22,384	-
On disposals	-	-
At 31 December	22,384	-
Carrying amount		
At 31 December	231,149	202,733

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 £0.1
Ignis Fund Managers Limited	UK	Ordinary shares of £1
Scottish Mutual International Fund Mangers Limited	Republic of Ireland	Ordinary shares of £1
Scottish Mutual PEP & ISA Managers Limited	UK	Ordinary shares of £1 Deferred shares of £1
Scottish Mutual Investment Managers Limited	UK	Ordinary shares of £1

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

On 1 January 2010 the Company helped to facilitate the transfer of the shares of Ignis Investment Management Limited (formerly Axial Investment Management Limited) from Impala Holdings Limited to Ignis Investment Services Limited, the Company's subsidiary. The Company also helped to transfer cash from Impala Holdings Limited to Ignis Investment Services Limited to allow its subsidiary to purchase the business and net assets of Ignis Investment Management Limited.

The transfer of cash and shares was administered through the receipt of a capital contribution from Impala Holdings Limited, which was then paid to Ignis Investment Services Limited by the Company. The Company paid a capital contribution of £50,800,000 to its subsidiary Ignis Investment Services Limited in the form of £25,400,000 in cash and £25,400,000 in shares of Ignis Investment Managers Limited (formerly Axial Investment Management Limited). The Company's investment in its subsidiary was consequently increased by the value of this capital contribution.

After the purchase was completed, in order to reimburse Impala Holdings Limited for the cash contribution, a dividend of £22,384,000 was paid by Ignis Investment Services Limited via the Company. The value of the Company's investment in Ignis Investment Services Limited was subsequently impaired by the value of the dividend.

15. Financial assets

	2010 £000	2009 £000
Seed capital investments at fair value		
At 1 January	216	116
Additions	564	85
Gain on investments at fair value	52	34
Foreign exchange gain/(loss)	3	(5)
Disposals	(198)	(14)
At 31 December	637	216

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.

16. Cash and cash equivalents

	2010 £000	2009 £000
Bank and cash balances	66	321
	66	321

17. Cash flows

	2010 £000	2009 £000
Profit for the year before tax	20,657	13,030
Non operating cash movements in profit for the year before tax		
Dividends received from subsidiaries	(42,984)	(13,000)
(Gain)/loss on investments	(53)	(34)
Foreign exchange (gain)/loss	(3)	5
Impairment of subsidiary	22,384	-
Changes in operating assets and liabilities		
(Increase)/decrease in other payables	110	(14)
Cash generated/(absorbed) by operations	111	(13)

18. 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 19. The capital held by the Company relates to share capital of £1,000, share premium of £49,999,000, capital contribution of £50,800,000 other reserves of £50,000,000 and retained earnings of £80,695,000. For details of movements in capital refer to the statement of changes in equity

19. 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.

Ignis Asset Management Limited has an Audit, Risk and Compliance Committee comprising the Executive Directors and the Chief Risk Officer which meets monthly with the Chief Risk Officer Risk 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 2010 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 A rated banks (Standard and Poor's rating). As at 31 December 2010 no financial assets were past due or impaired (2009:£nil). The amount disclosed in the statement of financial position in respect of current assets of £66,000 (2009: £321,000) 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.

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 in the form of a capital buffer. 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 at any time there is always sufficient capital in place.

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.

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 14), its parent entities (see note 22), key management personnel (see note 5) and the life funds managed by the Company's subsidiaries.

The Company holds investments of £637,000 (2009 £216,000) in Unit Trusts/SICAVs managed by the Ignis Asset Management Group.

In the year ended 31 December 2010 the Company received dividends from its subsidiaries of £42,984,000 (2009 £13,000,000) and paid dividends to its parent company of £42,984,000 (2009 £13,000,000).

Amounts paid to related parties

	2010	2009
	£000	£000
Dividend paid to Impala Holdings Limited, the parent entity	42,984	13,000
Capital contribution paid to Ignis Investment Services Limited, a subsidiary	50,800	-
	93,784	13,000

Amounts received from related parties

	2010	2009
	£000	£000
Dividend received from subsidiaries	42,984	13,000
Capital contribution received from Impala Holdings Limited, the parent entity	50,800	-
	93,784	13,000

Amounts due to related parties

	2010	2009
	£000	£000
Amounts due to fellow Group entities	357	232
	357	232

Key management compensation

During the year to 31 December 2010, key management and other family members contributed £3,400 (2009 £13,000) to products sold by the Company. These relate primarily to investment, life and pension products

21. Events after the reporting period

On 23 March 2011 the Directors approved the payment of a final dividend of £7.4m to Impala Holdings Limited.

22. Other information

The Company's immediate parent is Impala Holdings Limited which is registered in England.

The 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

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.