PHOENIX UNIT TRUST MANAGERS LIMITED

Company Registration Number: 3588031

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2017

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Strategic report

The Directors present the Strategic Report, the Directors' Report and the Financial Statements of Phoenix Unit Trust Managers Limited ('the Company') for the year ended 31 December 2017.

The Company is incorporated in the United Kingdom as a private limited company. Its registration number is 3588031 and its registered office is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

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

Business review

Principal activities
The principal activity of the Company is that of managing unit trusts. This will continue to be the principal activity for the foreseeable future. The Company is authorised and regulated by the Financial Conduct Authority (FCA).

Financial Performance
The results of the Company for the year are shown in the Statement of comprehensive income on page 8. Key measures of the Company's financial performance are profit before tax and the regulatory capital position.

The Company reported a profit before tax of £390,000 (2016: £263,000) and an increase in the regulatory capital excess from £3,595,000 in 2016 to £3,708,000 at 31 December 2017. The principal contributing factor in the Company's performance was the increase during the period in funds under management of £965 million.

Corporate activities
On 1 November 2017, the Company brought the PUTM Bothwell Institutional Credit Fund under the PUTM umbrella at which point it became the Authorised Fund Manager of the fund, resulting in an increase of assets under management. Previously this fund was managed by Henderson Investment Funds Limited and was known as the Henderson Institutional Credit Fund.

No dividends were paid during the year (2016: £nil).

Principal risks and uncertainties
The Phoenix Group applies a consistent methodology for the identification, assessment, management and reporting of risk that includes a high level framework for the management of key risks within each business unit.

The key operational and financial risks that the Company is exposed to are liquidity risk, legislative and regulatory risk, counterparty risk and risk of outsourcer failure. Financial and operational risk management is discussed within note 17 of the financial statements.

Key Performance Indicators ("KPIs")
The Company's performance is measured and monitored by the Board with particular emphasis on the following KPIs:

Cash flows
Cash flows are monitored closely by the business to ensure that all liabilities can be met as they fall due. In 2017, cash and cash equivalents decreased by £7,728,000 (2016: £10,111,000 increase).

Regulatory capital
The Company operates under the regulation of the FCA. The Company regularly reviews and forecasts its adjusted net asset position for regulatory capital adequacy purposes as determined by Chapter 11 of IPRU (INV). At 31 December 2017, it had an excess over its regulatory capital requirement of £3,708,000 (2016: £3,595,000).

Profit before tax and total comprehensive income
The Company reported a profit before tax of £390,000 (2016: £263,000) and total comprehensive income of £315,000 (2016: £210,000).

Box management
The Company operates a zero box for all its funds. There were no breaches in the current or previous year.

On behalf of the Board

C Baker
Director
17 April 2018

Directors' report

Going concern
The Strategic Report and Directors' Report summarise the Company's activities, its financial performance and its financial position together with any factors likely to affect its future development. In addition, the Strategic Report discusses the principal risks and uncertainties the Company faces. Notes 16 and 17 to the financial statements summarise the Company's capital management and risk objectives and policies together with its financial risks.

The Directors have followed the UK Financial Reporting Council's *"Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks"* (issued April 2016) when performing their going concern assessment. As part of their comprehensive assessment of whether the Company is a going concern, the Directors have prepared cash flow and solvency forecasts of the Company for the foreseeable future.

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

C Baker	
S Mohammed	Resigned 26 June 2017
A Moss	
M Urmston	

Secretary
Pearl Group Secretariat Services Limited acted as Secretary of the Company 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 auditor
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 auditor is unaware, and each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditor is 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 auditor
In accordance with section 487 of the Companies Act 2006, the Company's auditor, Ernst & Young LLP, will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these financial statements as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these financial statements relate.

On behalf of the Board

C Baker
Director

17 April 2018

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements ("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 the law the Directors have elected to prepare those statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial performance, financial position and cash flows of the Company for the accounting period. A fair presentation of the financial statements in accordance with IFRS requires the Directors to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's *financial position and financial performance*;
- state that the Company has complied with applicable IFRS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOENIX UNIT TRUST MANAGERS LIMITED

Opinion

We have audited the financial statements of Phoenix Unit Trust Managers Limited for the year ended 31 December 2017 which comprise statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Ernst & Young LLP

Stuart Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
19 *April 2018*

Statement of comprehensive income
for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Revenue			
Fee income	3	41,142	35,823
Net investment income	4	26	66
Total revenue		41,168	35,889
Operating expenses	5	(40,778)	(35,626)
Total operating expenses		(40,778)	(35,626)
Profit for the year before tax		390	263
Tax charge	8	(75)	(53)
Profit for the year		315	210
Other comprehensive income		-	-
Total comprehensive income for the year		315	210

The notes on pages 12 to 19 form an integral part of the financial statements.

Statement of financial position
as at 31 December 2017

	Notes	As at 31 December 2017 £000	As at 31 December 2016 £000
Equity attributable to owners			
Share capital	9	5,000	5,000
Capital contribution reserve	10	1,500	1,500
Retained earnings		636	321
Total equity		7,136	6,821
Current liabilities			
Accruals	11	293	131
Payables	12	17,585	39,633
Total current liabilities		17,878	39,764
Total liabilities		17,878	39,764
Total equity and liabilities		25,014	46,585
Current assets			
Receivables	13	18,440	32,283
Cash and cash equivalents	14	6,574	14,302
Total current assets		25,014	46,585
Total assets		25,014	46,585

On behalf of the Board

C Baker
Director

17 April 2018

The notes on pages 12 to 19 form an integral part of the financial statements.

Statement of cash flows
for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	15	(7,728)	10,111
Net cash flows from operating activities		(7,728)	10,111
Net increase in cash and cash equivalents		(7,728)	10,111
Cash and cash equivalents at the beginning of the year		14,302	4,191
Cash and cash equivalents at the end of the year	14	6,574	14,302

Supplementary disclosures on cash flows from operating activities

	2017 £000	2016 £000
Interest received	26	10

The notes on pages 12 to 19 form an integral part of the financial statements.

Statement of changes in equity
for the year ended 31 December 2017

	Share capital (note 9) £000	Capital contribution reserve (note 10) £000	Retained earnings £000	Total £000
At 1 January 2017	5,000	1,500	321	6,821
Profit for the year	-	-	315	315
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	315	315
At 31 December 2017	5,000	1,500	636	7,136

Of the above, £2,136k (2016: £1,821k) is considered distributable.

	Share capital (note 9) £000	Capital contribution reserve (note 10) £000	Retained earnings £000	Total £000
At 1 January 2016	5,000	1,500	111	6,611
Profit for the year	-	-	210	210
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	210	210
At 31 December 2016	5,000	1,500	321	6,821

The notes on pages 12 to 19 form an integral part of the financial statements.

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation
The financial statements have been prepared on a going concern basis and under the historical cost convention in accordance with the Companies Act 2006.

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

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

The financial statements are separate financial statements. The results of the Company are consolidated into the accounts of the Company's ultimate parent, Phoenix Group Holdings, a company incorporated in the Cayman Islands and resident in the United Kingdom. The registered address of Phoenix Group Holdings is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

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

(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 relate to the recoverability of financial assets. The treatment of financial assets is set out in accounting policy (d). No significant judgements or estimates have been made in determining the financial results or financial position of the Company.

(c) Income tax
Income tax comprises current tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in the statement of changes in equity, in which case it is recognised in this statement.

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) Financial assets
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are initially recognised at cost. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortised cost, using the effective interest method.

Impairment of financial assets
The Company assesses at each period end whether a financial asset or group of financial assets held at amortised cost is impaired. The Company first assesses whether objective evidence of impairment exists for financial assets. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. Any impairment is recognised in the statement of comprehensive income.

(e) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity term of three months or less at the date of placement. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are deducted from cash and cash equivalents for the purpose of the statement of cash flows.

(f) 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 become payable.

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

(g) Income and expense recognition

Fee income

Revenue is recognised on an accruals basis and is measured at the fair value of the consideration received or receivable. Revenue represents amounts due for annual management fees charged to the funds under management less rebates payable and investment management fees.

Net investment income

Net investment income comprises interest on cash and cash equivalents and profit or loss on the sale of units.

Interest income is recognised in the statement of comprehensive income as it accrues using the effective interest method.

Sale and purchase of units

The Company is an authorised Corporate Director of unit trusts. The Company acts as a principal in respect of acquisition and disposal of units in the unit trusts by the Life Companies with the trustee of these unit trusts. The acquisition of units in the unit trusts represents revenue to the Company with disposals, creations and liquidations recognised as cost of sales. The profit or loss on the sale of units represents the difference between this revenue and the associated cost of sales. All trades (and the associated profit or loss) are recognised on the trade date at the consideration receivable or payable for the settlement of the transaction.

Operating expenses

Operating expenses are recognised on an accruals basis.

(h) Share capital

Ordinary share capital

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

Capital contributions

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.

(i) 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 2017, set out on pages 8 to 19 were authorised by the Board of Directors for issue on 17 April 2018.

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. These do not have a material effect on the results of the Company.

- Amendments to IAS 7 Disclosure Initiative
- Amendments to IAS12 Recognition of Deferred Tax Assets for Unrealised Losses

The IASB has issued the following new or amended standards and interpretations which apply from the dates shown. The Company has decided not to early adopt any of these standards, interpretations or amendments where this is permitted.

- IFRS 15 Revenue from contracts with Customers (2018). IFRS 15 establishes a single comprehensive framework for determining whether, how and when revenue is recognised. The standard does not apply to financial instruments within the scope of IAS 39 Financial Instruments: Recognition and Measurement. A detailed impact assessment has been performed to consider the impact of IFRS 15 in relation to the Company's fees and commission revenue stream. As a result of the outcome of the assessment, the Company does not consider that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Company. IFRS 15 introduces additional disclosure requirements which will be reflected in the 2018 financial statements.

- IFRS 9 Financial Instruments (2018). Under IFRS 9, all financial assets will be measured either at amortised cost or fair value and the basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. In relation to the impairment of financial assets, IFRS 9 requires the use of an expected credit loss model, as opposed to the incurred credit loss model required under IAS 39. The expected credit loss model will require the Company to account for expected credit losses and changes in those expected credit losses at each reporting date since the initial recognition. The Company anticipates that these amendments are likely to have limited impact on amounts reported in respect of the Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle (2018). The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Company. The package also includes amendments to IFRS 12 which is mandatorily effective in the current year. The Company does not anticipate that the application of these amendments to have any impact on the Company's financial statements as the Company is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Company does not have any associate or joint venture that is an investment entity.

- IFRIC 23 Uncertainty over Income Tax Treatments (2019). This interpretation clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.

Where not specifically stated, the impact on the Company of adopting the above standards, amendments and interpretations is subject to evaluation.

3. Fee income

	2017 £000	2016 £000
Investment management fees	30,241	31,313
Performance fees	8,238	2,239
Management fees on unit trusts	18,008	16,572
Less: Management fee rebates	(15,460)	(14,390)
Other	115	89
	41,142	35,823

All income is derived from the Company's principal activities and in respect of services provided in the UK.

4. Net investment income

	2017 £000	2016 £000
Sales of units	3,368,460	5,229,778
Cost of sales of units	(3,368,460)	(5,229,722)
Interest income	26	10
	26	66

The difference between sales of units and cost of sales of units in the prior period represents profit made on a single transaction.

5. Operating expenses

	2017 £000	2016 £000
Investment management fees	30,241	31,313
Performance fees	8,238	2,239
Fund administration fees	1,677	1,500
Other administrative expenses	622	574
	40,778	35,626

6. Directors' remuneration

	2017 £000	2016 £000
Salaries and short term benefits	33	29
Remuneration (excluding pension contributions, awards under share option schemes and other long-term incentive schemes)	33	29
Contributions to money purchase pension schemes	2	2

	2017 £000	2016 £000
Highest paid Director's remuneration:	23	19

The Directors are employed by fellow group entities. The total compensation paid to the Directors of the Company is in respect of services to the Company, irrespective of which entity within the Phoenix Group has paid the compensation.

7. Auditors' remuneration

The remuneration of the auditors of the Company was £69,000 (2016: £69,000). This audit fee has been borne by Pearl Group Management Services Limited, a fellow subsidiary. No non-audit services were provided to the company.

	2017 £000	2016 £000
Audit of the Company's financial statements	59	59
Audit related to assurance services	10	10
	69	69

8. Tax charge

Current year tax charge	2017 £000	2016 £000
Current tax:		
UK Corporation tax charge for the current year	75	53
Total tax charge	75	53

Reconciliation of tax charge	2017 £000	2016 £000
Profit before tax	390	263
Tax at standard UK rate of 19.25% (2016 20%)	75	53
Total tax charge for the year	75	53

9. Share capital

The Company's Articles of Association contain a restriction on the number of shares that may be allotted.

	2017 £	2016 £
Authorised: 10,000,000 (2016: 10,000,000) ordinary shares of £1 each	10,000,000	10,000,000
Issued and fully paid: 5,000,000 (2016: 5,000,000) ordinary shares of £1 each	5,000,000	5,000,000

The holder of each ordinary share is entitled to one vote per share on matters to be voted on by owners and to receive such dividends, if any, as may be declared by the Board of Directors at its discretion out of distributable profits.

10. Capital contribution reserve

	2017 £000	2016 £000
At 1 January and 31 December	1,500	1,500

11. Accruals

	2017 £000	2016 £000
Accrued administrative expenses	293	131
	293	131
Amounts due for settlement after 12 months	-	-

12. Payables

	2017 £000	2016 £000
Investment management fees payable	7,282	16,453
Performance fees payable	9,346	1,820
Amounts payable in respect of settlement of units in underlying funds	621	20,613
Amounts due to other group companies	336	747
	17,585	39,633
Amounts payable after 12 months	-	-

13. Receivables

	2017 £000	2016 £000
Management fee income receivable	3,226	1,424
Amounts receivable in respect of settlement of units in underlying funds	1,188	22,091
Amounts due from other group companies	13,985	8,672
Other	41	96
	18,440	32,283
Amount recoverable after 12 months	-	-

No receivables are past due or impaired (2016: £nil).

14. Cash and cash equivalents

	2017 £000	2016 £000
Bank and cash balances	(506)	(1,405)
Short-term deposits (including demand and time deposits)	7,080	15,707
	6,574	14,302

The carrying amounts of cash and cash equivalents are not materially different from their fair values at the year end. The credit balance of £506,000 (2016: £1,405,000), included within bank and cash balances, was due to uncleared items and the bank balance was not overdrawn at the reporting date.

15. Cash flows

Cash flows from operating activities

	2017 £000	2016 £000
Profit for the year before tax	390	263
Changes in operating assets and liabilities		
Decrease/(Increase) in receivables	13,843	(22,949)
(Decrease)/Increase in accruals and payables	(21,961)	32,797
Cash generated from operations	(7,728)	10,111

The statement of cash flows has been prepared using the indirect method.

16. Capital management

The Company's capital resources comprise share capital and reserves. At 31 December 2017, total capital was £7,136,000 (2016: £6,821,000). Positive movement during the year comprises the total comprehensive income for the year of £315,000 (2016: £210,000).

The Company's capital resources are monitored by the Directors and managed on an on-going basis. The Directors are responsible for ensuring that the Company maintains an appropriate level of capital resources to enable it to meet liabilities arising from reasonably foreseeable extreme events. The Company has implemented a system of regular reviews to monitor the level of capital resources in the short to medium term taking account of the anticipated future developments.

The Directors have prepared cash flow forecasts of the Company for the foreseeable future. The cash flow forecasts indicate that the Company is able to meet its obligations as and when they fall due.

As an 'Undertakings for Collective Investments in Transferable Securities (UCITS)' investment firm, the Company is subject to regulation by the FCA and must maintain sufficient capital resources to meet its regulatory capital requirement. Such regulatory capital requirement was £3,428,000 (2016: £3,226,000) as at 31 December 2017. At 31 December 2017, the Company had an excess over its regulatory capital requirement of £3,708,000 (2016: £3,595,000).

17. Risk management

The Phoenix Group Risk Management Framework sets out the high level arrangements for risk management, control and assurance within Phoenix Group and its subsidiaries. It is designed to provide a structured approach for identifying, assessing, controlling and monitoring financial and non-financial risks within Phoenix Group companies, which includes Phoenix Unit Trust Managers Limited. The Company is not expected to be directly exposed to any market risk, as it does not hold any surplus units in the Funds as a principle in the ordinary course of business.

The principal risks and uncertainties facing the Company are:

Liquidity risk
The Company has 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 and this is monitored on an ongoing basis.

Key components of the monitoring framework include daily monitoring of cash flows and regular reviews to identify cash flow requirements.

The Company's liabilities at 31 December 2017 were all repayable on demand for a consideration equivalent to the carrying value disclosed in notes 11 and 12.

Legislative and regulatory risk
The Company is subject to regulation by the FCA. The FCA has broad regulatory powers dealing with all aspects of financial services including, amongst other things, the authority to grant and, in specific circumstances, to vary or cancel permissions to carry out particular activities. Phoenix Group has processes in place to keep up to date with latest FCA guidelines and regulation. Phoenix Group is also responsible for treating its customers fairly and adheres to FCA guidelines in respect of this.

Counterparty risk
The Company holds some of its cash with Natwest, and therefore bears counterparty risk of the bank defaulting. This risk is managed through the use of counterparty limits and the monitoring of credit ratings.

During the year, the Company's cash and cash equivalents have been held in authorised collective investment schemes ('CIS') which in turn invest only in money market instruments. The Company is exposed to the possible default of the underlying investments within the CIS, which are considered to be extremely low risk.

The Company is also exposed to credit risk relating to receivables from other Group Companies, which are considered low risk. The credit risk from activities undertaken in the normal course of business is also considered to be extremely low risk, as the majority of amounts owed to the Company at the year-end are due from Group companies.

The total credit risk of the Company was equivalent to the value of the assets in notes 13 and 14.

Risk of outsourcer failure
The Company carries the risk that the outsourcers used by the Company will no longer be able to provide the agreed services at an agreed cost and under the agreed timeframe. The risk of outsourcers becoming insolvent or failing to deliver the services expected by the Company is continually monitored by the Operational Governance Team and is considered to be minimal.

18. Related party transactions

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

The Company's main related parties are its parent company (note 19), other group companies and the unit trusts managed by the Company (see below).

No dividends were paid to the parent company during the year (2016: £nil).

Costs incurred with related parties

	2017 £000	2016 £000
Rebates to immediate parent company and fellow subsidiaries	15,460	14,385
Management expenses charged by fellow subsidiaries	422	409
Other costs charged by fellow subsidiaries	1,600	1,725
Creations in unit trusts	3,368,460	5,229,722

Revenue recognised from related parties

	2017 £000	2016 £000
Management fees from unit trusts	18,716	16,572
Management fees from parent company and fellow subsidiaries	37,613	33,361
Liquidations from unit trusts	3,368,460	5,229,778

Amounts due to related parties

	2017 £000	2016 £000
Due to the parent	515	20,479
Due to fellow subsidiaries	336	747
Due to unit trusts	106	134

Amounts due from related parties

	2017 £000	2016 £000
Due from the parent	11,107	23,075
Due from fellow subsidiaries	2,984	1,699
Due from unit trusts	3,785	7,412

Key management compensation

The compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 6.

Other related party transactions

During the year to 31 December 2017, key management, which comprises the Directors and other family members, had no transactions with the Company (2016: £nil).

Parent and ultimate parent entity

Information on the Company's parent and ultimate parent is provided in note 19.

19. Other information

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Phoenix Life Limited, and its ultimate parent is Phoenix Group Holdings, a company incorporated in the Cayman Islands and resident in United Kingdom. A copy of the financial statements of Phoenix Group Holdings can be obtained from the Company Secretary, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU.