

Investment Funds Direct Holdings Limited

Annual report and financial statements

for the year ended 31 December 2018

Registered Number 03968801



Investment Funds Direct Holdings Limited

Annual report and financial statements

for the year ended 31 December 2018

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Investment Funds Direct Holdings Limited

Officers and independent auditors for the year ended 31 December 2018

Directors

Tim Harris (Appointed 30th May 2018)

Robert Regan (Appointed 30th May 2018)

Jonathan Taylor (Resigned 30th May 2018)

Company Secretary

Royal London Management Services Limited

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside

London

SE1 2RT

Registered Office

Trimbridge House

Trim Street

Bath

England

BA1 1HB

(Company limited by shares – registered in England & Wales)

Registered Number

03968801

Investment Funds Direct Holdings Limited

Directors' Report for the year ended 31 December 2018

The directors' present their report and the audited financial statements of the company for the year ended 31 December 2018.

Principal activities

The principal activity of Investment Funds Direct Holdings Limited (the "company") is the provision of administration services.

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

Tim Harris (Appointed 30th May 2018)

Robert Regan (Appointed 30th May 2018)

Directors' indemnities

The directors' have the benefit of a qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006). This provision was in force throughout the financial year and as at the date of approval of the financial statements. The company's ultimate parent undertaking, The Royal London Mutual Insurance Society Limited, also maintains Directors' and Officers' liability insurance in respect of the company and its directors.

Going concern

The company's parent undertaking, Investment Funds Direct Group Limited, has indicated that it will continue to provide financial support to the company for at least one year from the date of approval of these financial statements. For this reason, the director has continued to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

Investment Funds Direct Holdings Limited

Directors' Report for the year ended 31 December 2018 (continued)

Statement of directors' responsibilities (continued)

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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

Disclosure of information to auditors

The director who held office as at the date of approval of this director's report confirms that so far as he is aware, there is no relevant audit information of which the company's auditors are unaware; and that each director has taken all steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small companies exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



Tim Harris
Director
20 March 2019

Investment Funds Direct Holdings Limited

Independent auditors' report to the members of Investment Funds Direct Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Investment Funds Direct Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year ended 31 December 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and, in common with other companies, it is difficult to evaluate all of the potential implications on the company's business, clients, suppliers and the wider economy, in general terms.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Investment Funds Direct Holdings Limited

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies regime. We have no exceptions to report arising from this responsibility.



Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 March 2019

Investment Funds Direct Holdings Limited

Statement of Comprehensive Income for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover		-	-
Administrative expenses	2	-	(35)
Operating Loss		-	(35)
Interest payable and similar expenses	3	(80,000)	(80,000)
Loss before taxation		(80,000)	(80,035)
Tax on loss	4	15,200	(446,273)
Loss for the financial year	9	(64,800)	(526,308)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(64,800)	(526,308)

All of the above amounts are in respect of continuing operations.

The notes on pages 9 to 14 form an integral part of these financial statements.

Investment Funds Direct Holdings Limited

Statement of Financial Position as at 31 December 2018

	Note(s)	2018 £	2017 £
Fixed assets			
Deferred tax asset	7	-	-
Current assets			
Debtors	5	717,665	710,055
Cash at bank and in hand		63,194	94,506
		780,859	804,561
Creditors: amounts falling due after more than one year	6	(1,460,274)	(1,419,176)
Net liabilities		(679,415)	(614,615)
Capital and reserves			
Called up share capital	8,9(ii)	1,176	1,176
Share premium account	9(ii)	6,624,123	6,624,123
Other reserves	9(ii)	1,864,721	1,864,721
Profit and loss account	9(i),9(ii)	(9,169,435)	(9,104,635)
Total shareholders' deficit	9(ii)	(679,415)	(614,615)

The notes on pages 9 to 14 form an integral part of these financial statements.

The financial statements on pages 6 to 14 were approved by the Board of directors on 20 March 2019 and signed on its behalf by:



Tim Harris
Director
Investment Funds Direct Holdings Limited
Registered Number: 03968801

Investment Funds Direct Holdings Limited

Statement of Changes in Equity for the year ended 31 December 2018

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total shareholders' deficit
	£	£	£	£	£
At 1 January 2017	1,176	6,624,123	1,864,721	(8,578,327)	(88,307)
Loss for the financial year	-	-	-	(526,308)	(526,308)
At 31 December 2017	1,176	6,624,123	1,864,721	(9,104,635)	(614,615)
Loss for the financial year	-	-	-	(64,800)	(64,800)
At 31 December 2018	1,176	6,624,123	1,864,721	(9,169,435)	(679,415)

The notes on pages 9 to 14 form an integral part of these financial statements.

Investment Funds Direct Holdings Limited

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies

(i) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and Financial Reporting Standard (FRS) 101, 'Reduced Disclosure Framework'.

The company has net liabilities at 31 December 2018. The company's parent undertaking, Investment Funds Direct Group Limited, has indicated that it will continue to provide financial support to the company for at least twelve months from the date of approval of these financial statements. For this reason, the directors have continued to adopt the going concern basis in preparing the financial statements.

FRS 101 permits the use of International Financial Reporting Standards (IFRS) as adopted for use in the European Union but with certain exemptions, as described below.

In accordance with FRS 101, the company has taken the exemptions not to present the following items required by EU IFRS:

- Comparative information for the reconciliation of the number of shares outstanding at the beginning and end of the period;
- A cash flow statement and related disclosures;
- A statement of financial position for the beginning of the comparative period following a change in accounting policy or presentation;
- Information on new IFRSs that have been issued but which are not yet effective;
- Key management compensation; and
- Related party transactions between members of the group provided that any subsidiary that is party to the transaction is wholly owned by the group.

The Board gained shareholder permission to adopt the reduced disclosure.

The company has taken advantage of the exemptions within IFRS 8 (Operating Segments) not to provide segmental information.

The presentation of two primary statements, the Income Statement for the year ended 31 December 2018 and the Statement of Comprehensive Income for the year ended 31 December 2018, have been updated in accordance with IAS 1 to present one combined primary statement for the period. There is no impact on the classification or measurement required by the company and accordingly no restatement of the prior year figures is required.

The following new and amended standards have been adopted for the first time in these financial statements. There is no impact on the classification or measurement of the financial assets or liabilities held by the company and accordingly no restatement of the prior year figures is required.

- IFRS 9, 'Financial Instruments' covering the classification and measurement of financial instruments; and
- IFRS 15, 'Revenue from contracts with customers' which concerns recognition of revenue when control of a good or service transfers to a customer.

As permitted by section 400 of the Companies Act 2006, consolidated financial statements have not been prepared because the company itself is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(ii) Turnover

Turnover consists of amounts receivable for services derived from the company's principal activity and arises wholly within the United Kingdom. It is recognised when the related goods and services have been provided and is stated net of VAT and trade discounts.

Investment Funds Direct Holdings Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

(iii) Interest payable

Interest payable is accounted for on an accrual basis.

(iv) Taxation

Income tax on the profit for the financial year comprises current and deferred tax and is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable profit for the financial year, based on tax laws and tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided, with no discounting, using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and tax laws enacted or substantively enacted at the balance sheet date.

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

2 Administrative expenses

The company has no employees (2017: none).

The directors received no remuneration in respect of their services to the company (2017: £nil). The emoluments of the directors are paid by Investment Funds Direct Limited, a fellow subsidiary which makes no recharge to the company.

The directors receive no incremental emoluments for services to the Company and all emoluments are deemed to be wholly attributable to services to the fellow subsidiary. The total emoluments for the directors of this company are included in the aggregate of directors' emoluments disclosed in the financial statements of Investment Funds Direct Limited.

The remuneration of the auditors, PricewaterhouseCoopers LLP, for the year was £3,280 (2017: £3,185), in respect of the audit of the company's financial statements is borne by the parent company.

3 Interest payable and similar expenses

Interest payable includes £80,000 (2017: £80,000) for interest paid on the £1,000,000 debt facility from Wrap IFA Services Limited at a fixed rate of 8% per annum.

Investment Funds Direct Holdings Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

4 Tax on loss

	2018	2017
(i) Tax (credited)/charged in the income statement	£	£
UK corporation tax credit at 19% (2017: 19.25%) on the loss for the year	(15,200)	(15,404)
Deferred Tax charge (See note 7)	-	461,677
Tax charge on (profit)/loss	(15,200)	446,273

(ii) Factors affecting the tax (credit)/charge

The tax assessed for the year is at the (2017: different to) standard rate of corporation tax in the UK of 19% (2017: 19.25%). The difference is explained below:

	2018	2017
	£	£
Loss on ordinary activities before taxation	(80,000)	(80,035)
Loss multiplied by the standard rate of UK corporation tax of 19% (2017: 19.25%)	(15,200)	(15,404)
Effects of:		
Tax adjustments and other timing differences	-	461,677
Total tax (credit)/charge for the year	(15,200)	446,273

The tax rate will reduce to 17% from 1 April 2020; this change was substantively enacted on 15 September 2016 and, therefore, is recognised in these financial statements for the purposes of calculating deferred tax.

(iii) Factors that may affect future tax charges

The company has estimated tax losses of £nil (2017: £nil) available to carry forward against future trading profits.

5 Debtors

	2018	2017
	£	£
Group relief	7,610	-
Amounts owed by Group undertakings	710,055	710,055
	717,665	710,055

The amounts owed by Group undertakings are interest free, repayable on demand and unsecured. There are no (2017: nil) amounts receivable after 12 months.

Investment Funds Direct Holdings Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

6 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Amounts owed to Group undertakings	1,460,274	1,380,274
Group relief	-	38,902
	1,460,274	1,419,176

On 6 September 2012, the company received a £1,000,000 loan from Wrap IFA Services Limited. The loan bears interest at a fixed rate of 8% per annum. It has no fixed maturity date.

The other amounts owed to Group undertakings are interest free, repayable on demand and unsecured.

7 Deferred tax asset

The deferred tax asset can be analysed as follows:

	Recognised 2018 £	2017 £	Unrecognised 2018 £	2017 £
Accelerated capital allowances	-	-	-	-
Deferred tax asset	-	-	-	-

The movement in the deferred tax asset in the year is shown below:

	2018 £	2017 £
At 1 January	-	461,677
Deferred tax charge in the income statement (note 4)	-	(461,677)
At 31 December	-	-

The directors consider that there is sufficient certainty that the company will be able to utilise the deferred tax asset in respect of accelerated capital allowances of £nil (2017: £nil) shown above, and therefore the asset has been recognised in these financial statements.

Investment Funds Direct Holdings Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Called up share capital

	2018 £	2017 £
Issued and fully paid		
1,176 (2017: 1,176) ordinary shares of £1 each	1,176	1,176

9 Reserves

(i) Profit and loss account	2018 £	2017 £
At 1 January	(9,104,635)	(8,578,327)
Loss for the financial year	(64,800)	(526,308)
At 31 December	(9,169,435)	(9,104,635)

(ii) Reconciliation of movements in shareholders' deficit	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total shareholders' deficit £
At 1 January 2017	1,176	6,624,123	1,864,721	(8,578,327)	(88,307)
Loss for the financial year	-	-	-	(526,308)	(526,308)
At 31 December 2017	1,176	6,624,123	1,864,721	(9,104,635)	(614,615)
Loss for the financial year	-	-	-	(64,800)	(64,800)
At 31 December 2018	1,176	6,624,123	1,864,721	(9,169,435)	(679,415)

Other reserves represent a merger reserve being the difference between the fair value of the consideration given for the company's former subsidiary, Investment Funds Direct Limited, and the nominal value of the shares issued to acquire it.

Investment Funds Direct Holdings Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Ultimate parent undertaking and controlling party

Investment Funds Direct Group Limited, a company registered in England and Wales, is the immediate parent undertaking. The Royal London Mutual Insurance Society Limited, a company registered in England and Wales, is the ultimate parent undertaking and controlling party.

The Royal London Mutual Insurance Society Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statements of The Royal London Mutual Insurance Society Limited are available from its registered office at 55 Gracechurch Street, London, EC3V 0RL. Copies of the financial statements of Investment Funds Direct Group Limited are available from the company's registered office.