Registered No: 5739054

PRUDENTIAL FINANCIAL PLANNING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

PRUDENTIAL FINANCIAL PLANNING LIMITED

Incorporated and registered in England and Wales. Registered No: 5739054
Registered office: Laurence Pountney Hill, London, EC4R 0HH

CONTENTS

CONTENTS	Page
Directors and officers	1
Strategic report	2
Directors' report	5
Statement of directors' responsibilities	7
Independent auditor's report	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes on the financial statements	12

PRUDENTIAL FINANCIAL PLANNING LIMITED

Directors

J Warburton (Chairman)
J Deeks
C Haines
D Pender (appointed 13 February 2015)

Secretary

Prudential Group Secretarial Services Limited

Independent Auditor

KPMG LLP, London

PRUDENTIAL FINANCIAL PLANNING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Principal activity

The principal activity of Prudential Financial Planning Limited ("the Company") is to provide professional face to face restricted advice services, largely distributing products of the Prudential group companies through non-intermediated channels.

The Company commenced operations on 9 September 2013. The advisors and the sales management team associated with Prudential Financial Planning, a professional face to face restricted advice service channel were transferred from Prudential Distribution Limited, another group company.

Business review

Key Performance Indicators	**2014**	2013 Restated for FRS101	Change
	£000	£000	%
Turnover	**39,904**	13,747	191
Operating expenses	**(40,161)**	(13,131)	(207)
(Loss)/profit on ordinary activities before taxation	**(259)**	623	(142)
Shareholders' funds	**6,050**	4,582	32
Regulatory capital requirement (higher of IPRU INV and MIPRU requirements-see below)	**2,302**	1,010	128

The Company incurs distribution expenses on behalf of the statutory entities within the United Kingdom Insurance Operations (UKIO) business unit of the Prudential Group, for which it provides a service and then recharges the expenses to the statutory entities. Until 2013, the Company used to charge a margin of 5% on the recharges with the exception of the With-Profit and Scottish Amicable Insurance sub funds of The Prudential Assurance Company Limited (PAC) on which no margin was charged. However, it was decided during the year that the Company will not continue to charge a margin to any statutory entity.

The Company receives advice charges for the services rendered and these charges are contingent on a product sale. Advice charges are made by deduction from the amount invested and are collected by the product providers on behalf of the Company, except for Collectives, where the charges are collected separately from the client as a platform is used in order to facilitate adviser charging. The Company also earns commission on the sale of protection products.

The Company generated a pre-tax loss of £259k (2013: pre-tax profit of £623k) during 2014. The Company commenced operations on 9 September 2013 with 2014 being its first full year of trading. The loss for the year is primarily due to the expenses incurred in respect of the sales of protection products in the initial years of operating.

The Company has remained solvent throughout the period under review and has adequate capital resources to meet its regulatory capital requirements. The Company holds Professional Indemnity Insurance (PII) to meet the requirement for capital adequacy. The regulatory requirements of the Company are driven by the Interim Prudential Sourcebook for Investment Business (IPRU (INV)) and the Prudential Sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU).

Risks & uncertainties

The Company is a wholly owned subsidiary of the Prudential Group and is subject to the Group's internal control and risk management processes as detailed in the Group Governance Manual and Group Risk Framework. The control procedures and systems established within the Group are designed to manage, rather than eliminate, the risk of failure to meet business objectives. As such, they provide strong but not absolute assurance against material misstatement or loss, and focus on optimising the levels of risk and reward with the aim of achieving the business objectives.

The Group Risk Framework requires all business units and functions within the Group, including the Company, to establish processes for identifying, evaluating and managing key risks. The risk management framework for the Company is approved by the Board and operates based on the concept of three lines of defence: risk management, risk oversight and independent assurance.

The Company's results and financial condition are exposed to both financial and non-financial risks. The key risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Financial risk

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk factors affecting the Company are credit, liquidity and market risks. These financial risks and the management thereof are discussed in Note 17.

Non-financial risk

The Company has a limited exposure to business environment, strategic, operational and group risk.

a) Business environment risk

Business environment risk is the risk of exposures to forces in the external environment that could significantly change the fundamentals that drive the business's overall objectives and strategy.

Changes in government policy, legislation (including tax) or regulatory interpretation applying to companies in the financial services sector, which in some circumstances may be applied retrospectively, may adversely affect the Company's product range, distribution channels, capital requirements and, consequently, reported results and financing requirements. Also, the regulator may change the level of capital required to be held by individual businesses thereby impacting the capital requirements of the Company.

Any further changes or modification to Financial Reporting Standard 101 (FRS101) and the International Financial Reporting Standards (IFRS) adopted as a consequence of FRS101 may require a change in the reporting basis of future results, or a restatement of reported results.

b) Strategic risk

Strategic risk is the risk of ineffective, inefficient or inadequate senior management processes for the development and implementation of business strategy in relation to the business environment and the Group's capabilities.

The Company has little exposure to this risk, however any changes in the regulatory and market environment or strategic decisions of associated companies could play a role in forcing the senior management to take decisions which could affect the Company's performance.

c) Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events.

The Company relies on the operational processing performance of other group companies that provide support and IT services but their performance is monitored closely.

The Company's systems and processes incorporate controls which are designed to manage and mitigate the operational risks associated with its activities as any weakness in the administration systems, finance systems and processes could have an impact on its results during the effective period.

The risk of non-performance is limited by contract and, along with mis-selling, is covered by a separate professional indemnity policy for collective business and a Prudential Group professional indemnity policy for other lines of business.

The Company is, and in the future may be, subject to legal and regulatory actions in the ordinary course of its business. These actions could involve a review of business sold in the past under acceptable market practices at the time, changes to the tax regime and regulatory reviews.

d) Group risk

Group risk is the risk of a direct or indirect loss arising from a connection with a related undertaking.

Group risk is present from the consequences of risks arising from other parts of the Group in addition to those risks arising from the Company's own activities. The independent capitalisation of the Company as well as the risk management processes and internal control mechanisms within the Company ensure Group risk is appropriately managed.

C Ye
On behalf of Prudential Group Secretarial Services Limited
Company Secretary
27 March 2015

PRUDENTIAL FINANCIAL PLANNING LIMITED
Incorporated and registered in England and Wales. Registered No: 5739054

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Introduction

None of the information required to be included in the Directors' Report under Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013) has been set out in the Company's Strategic Report.

Corporate Responsibility

The Company is a wholly owned subsidiary within the Prudential Group and Corporate Responsibility (CR) is integral to the way the Group does business.

The Group, of which the Company is a part, has developed a Group Governance Framework which is underpinned by a Group Governance Manual and associated processes. This encompasses all key policies and procedures for example, the Group Code of Business Conduct.

As a business that provides savings, income, investment and protection products and services social value is created through the day-to-day operations. The Group provides customers with ways to help manage uncertainty and build a more secure future. In seeking to match the long-term liabilities the Group has towards its customers with similarly long-term financial assets, it provides capital that finances businesses, builds infrastructure and fosters growth in both developed and developing markets.

The Group's sustainable approach to business is reinforced by the Group-wide CR strategy. While the Group believes that CR is best managed on the ground by those closest to the customer and local stakeholders, the Group approach is underpinned by four global CR themes:

- Serving its customers: The Group aims to provide fair and transparent products that meets the customers' needs
- Valuing its people: The Group aspires to retain and develop highly engaged employees
- Supporting local communities: The Group seeks to make a positive contribution to its communities through long-term partnerships with charitable organisations that make a real difference
- Protecting the environment: The Group takes responsibility for the environment in which it operates

These themes demonstrate the Group's CR commitments and principles to its stakeholders and provide clarity to its businesses, including the Company, on where they should focus their CR efforts and resources in the context of their individual markets.

The Prudential plc Board discusses the Group's performance in the areas of social and environmental management at least once a year and also reviews and approves the Group's corporate responsibility report and strategy on an annual basis.

Accounts

The state of affairs of the Company at 31 December 2014 is shown in the balance sheet on page 10. The statement of comprehensive income appears on page 9.

Share Capital

During the year the Company issued 1,800,000 ordinary shares of £1 each to Prudential Financial Services Limited.

Changes in the Company's share capital during 2014 are shown on page 17 in note 13.

PRUDENTIAL FINANCIAL PLANNING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

Post Balance sheet events

There have been no significant events affecting the Company since the balance sheet date.

Directors

The present directors are shown on page 1. Mr D Pender was appointed a director on 13 February 2015. There have been no further changes.

Financial risk management objectives, policies and exposure

The Company is exposed to risk through its financial assets and liabilities. The financial risk factors affecting the Company include credit risk, liquidity risk and market risk. Further information on the financial risk management objectives and policies of the Company are given in Note 17.

Disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor in unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information 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 of the Companies Act 2006.

Auditor

Due to an internal reorganisation within KPMG, KPMG Audit Plc resigned as auditor with effect from 6 October 2014. To fill this casual vacancy, the directors approved the appointment of KPMG LLP, an intermediate parent of KPMG Audit Plc, as auditor of the Company, on 27 October 2014.

In accordance with Section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to be re-appointed auditor of the Company for the current financial year.

Directors' and Officers' Protection

Prudential plc has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the Prudential Group. In addition, the Articles of Association of the Company permit the directors, officers and employees of the Company to be indemnified in respect of liabilities incurred as a result of their office. Prudential plc also provides protections for directors and senior managers of companies within the Group against personal financial exposure they may incur in their capacity as such. These indemnities were in force during 2014 and remain in force.

On behalf of the Board of Directors

C Ye
On behalf of Prudential Group Secretarial Services Limited
Company Secretary
27 March 2015

PRUDENTIAL FINANCIAL PLANNING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILTIES IN REPSECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

J Warburton
Director

PRUDENTIAL FINANCIAL PLANNING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUDENTIAL FINANCIAL PLANNING LIMITED

We have audited the financial statements of The Prudential Financial Planning Limited for the year ended 31 December 2014 set out on pages 9 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 Strategic Report and 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.

Robert Lewis

Robert Lewis (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
27 March 2015

PRUDENTIAL FINANCIAL PLANNING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013 Restated for FRS101
		£000	£000
Operating income	2	**39,904**	13,747
Staff costs	3	**(17,593)**	(5,957)
Other operating charges	4	**(22,568)**	(7,174)
Operating expenses		**(40,161)**	(13,131)
Operating (loss)/profit		**(257)**	616
Interest receivable	5	**125**	12
Interest payable	6	**(127)**	(5)
Net interest receivable		**(2)**	7
(Loss)/profit on ordinary activities for the year before tax		**(259)**	623
Tax charge on (loss)/profit on ordinary activities	8	**(73)**	(41)
(Loss)/profit and comprehensive income for the financial year		**(332)**	582

Operating income and profit on ordinary activities before taxation for the period relate exclusively to continuing operations as defined under the terms of International Accounting Standard 1.

The accounting policies and notes on pages 12 to 23 form an integral part of these financial statements.

PRUDENTIAL FINANCIAL PLANNING LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	2014	2013 Restated for FRS101
		£000	£000
Current assets			
Trade and other debtors	9	**2,392**	2,186
Cash and bank balances	10	**11,598**	7,368
		13,990	9,554
Current Liabilities			
Trade and other creditors: amounts falling due within one year	11	**7,235**	4,622
Net Current Assets		**6,755**	4,932
Trade and other creditors: amounts falling after more than one year	12	**705**	350
Net assets		**6,050**	4,582
Capital and reserves			
Called-up share capital	13	**5,800**	4,000
Profit and loss account	14	**250**	582
Shareholders' funds - equity interests		**6,050**	4,582

The accounting policies and notes on pages 12 to 23 form an integral part of these financial statements.

The financial statements on pages 9 to 23 were approved by the board of directors on 27 March 2015.

J Warburton
Director

PRUDENTIAL FINANCIAL PLANNING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Called Up Share Capital	Profit and Loss Account	Total Equity
	£000	**£000**	**£000**
Balance at 1 January 2013	—	—	—
Share capital injected during the year	4,000	—	4,000
Total comprehensive income for the period restated for FRS 101			
Profit or loss	—	582	582
Other comprehensive income	—	—	—
Total comprehensive income for the period restated for FRS 101	—	582	582
Balance at 31 December 2013 restated for FRS 101	4,000	582	4,582
Balance at 1 January 2014	**4,000**	**582**	**4,582**
Share capital injected during the year	1,800	—	**1,800**
Total comprehensive income for the period			
Profit or loss	—	(332)	(332)
Other comprehensive income			
Total comprehensive income for the period	—	(332)	(332)
Balance at 31 December 2014	**5,800**	**250**	**6,050**

The accounting policies and notes on pages 12 to 23 form an integral part of these financial statements.

PRUDENTIAL FINANCIAL PLANNING LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1. Accounting Policies

A. Changes in Accounting Policies

In these financial statements, the Company has early adopted Financial Reporting Standard 101 - Reduced Disclosure Framework (FRS101) for the first time. (See Basis of preparation below).

B. Basis of preparation

The Company is a company incorporated and domiciled in England and Wales.

The financial statements have been prepared in accordance with FRS101, Part 15 of the Companies Act 2006 and Schedule 1 of The Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS101, the Company has applied International Financial Reporting Standard 1 - First Time Adoption of International Financial Reporting Standards (IFRS 1), whilst ensuring that its assets and liabilities are measured in accordance with FRS101. An explanation of how the transition to FRS101 has affected the reported financial position and financial performance of the Company is provided in Note 20.

The Company's ultimate parent undertaking, Prudential plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Prudential plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary, Laurence Pountney Hill, London EC4R 0HH.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries within the Group;
- Disclosures in respect of the compensation of key management personnel;
- Comparative period reconciliations for share capital;
- The effect of new but not effective IFRSs; and
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy to adopt FRS101;

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1 January 2013 for the purposes of the transition to FRS 101.

The directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting in preparing the financial statements. This conclusion has been based upon the following: the Company is a subsidiary within the Prudential Group and its parent company and the ultimate parent company are continuing to trade and there are no plans for liquidation, the Company has a healthy capital adequacy, well in excess of the capital requirements stipulated by FCA. In addition consideration has also been given to the Company's performance, the market in which it operates, its strategy and risks and uncertainties, as set out in the Business Review on page 2.

C. Classification of instruments issued by the Company

Having adopted FRS101, IAS 32 is being applied to the financial instruments issued by the Company and are treated as equity only to the extent that they meet the following two conditions:

(i) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(ii) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

D. Non-derivative financial instruments

Under IAS39, upon initial recognition financial instruments are recognised at fair value. The Company is permitted, subject to specific criteria, to designate its instruments as either at fair value through profit and loss, held on an available-for-sale basis, held to maturity, or loans and receivables. The Company holds financial instruments on the following bases:

Loans and receivables - this comprises instruments that have fixed or determinable payments and are not designated as fair value through profit and loss. These instruments include deposits and other unsecured loans and receivables and trade and other creditors. These instruments are carried at amortised cost using the effective interest method and subject to impairment reviews. The Company measures the amount of the impairment loss, if any, by comparing the amortised cost with the present value of its estimated future cash flows discounted at the original effective interest rate.

E. Income

Operating income represents recharges including profit margin, commission and other income received from group companies and third parties. As per the requirements of IAS 18, revenue from services is recognised in the accounting periods in which the services are rendered if the management has no obligation to provide further services over the life of the contract. All other income is accounted for on an accruals basis.

F. Expenses

Operating expenses comprise of management expenses incurred by the Company in relation to the distribution activities. Expenses are accounted for on an accruals basis.

Interest payable by the Company is accounted for on an accruals basis.

G. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates 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 temporary difference can be utilised.

NOTES ON THE FINANCIAL STATEMENTS (continued)

2. Operating income

	2014	2013 Restated for FRS101
	£000	£000
Income earned from recharges to group undertakings	28,685	9,557
Income earned from advice services	11,219	4,190
	39,904	13,747

3. Staff costs

	2014	2013
	£000	£000
Wages and salaries	14,521	4,972
Other pension costs	1,177	346
Social security costs	1,895	639
Total	17,593	5,957
	No.	No.
Average number of employees during the period	209	205

The directors, who are employed by Prudential Financial Planning Limited, did not receive any remuneration in respect of their services on behalf of the Company.

Details of the pension schemes operated by the Company are disclosed in the accounts of The Prudential Assurance Company Limited and Prudential Financial Services Limited.

4. Other operating charges

	2014	2013 Restated for FRS101
	£000	£000
Management expenses	12,201	3,549
Advisor charges recharged	10,367	3,625
	22,568	7,174

5. Interest receivable

	2014	2013
	£000	£000
Bank interest received	41	12
Company car interest recharged	84	—
Total	125	12

NOTES ON THE FINANCIAL STATEMENTS (continued)

6. Interest payable

	2014	2013
	£000	£000
Bank interest recharged	39	5
Company car interest	88	—
Total	127	5

7. Auditors' remuneration

Auditor's remuneration of £15K (2013: £15K) in respect of the audit of the Company's financial statements is borne by a group company, Prudential Distribution Limited.

8. Taxation

a) Analysis of charge in the period

	2014	2013
Current tax:	£000	£000
Tax on (loss)/profit on ordinary activities at effective rate of corporation tax in the UK of 21.50% (2013: 23.25%)	40	41
Adjustments in respect of previous periods	232	—
Total current tax charge in the period	272	41
Deferred tax :		
Adjustment in respect of previous periods	(199)	—
Total deferred tax credit in the period	(199)	—
Total tax charge in the period	73	41

b) Factors affecting tax charge for the period

	2014	2013 Restated for FRS101
	£000	£000
(Loss)/profit on ordinary activities before tax	(259)	623
Tax on (loss)/profit at effective rate of 21.50% (2013: 23.25%)	(56)	145
Effects of:		
Permanent differences	96	—
Non taxable income	—	(104)
Adjustments to current tax in respect of previous years	232	—
Adjustment to deferred tax in respect of previous periods	(199)	—
Total tax charge for the year	73	41

NOTES ON THE FINANCIAL STATEMENTS (continued)

The reduction in the UK corporation tax rate to 21% from 1 April 2014 and the further reduction to 20% from 1 April 2015 have been reflected in the financial statements for the year ended 31 December 2014.

Other than the effects of permanent differences and adjustments in respect of previous periods, it is not expected that the tax charge will deviate from that calculated by applying the standard rate of corporation tax to the profit before tax of the Company.

c) Balance Sheet

	2014	2013 Restated for FRS101
	£000	£000
Deferred tax asset explained by:		
Short term timing differences	**199**	—
Deferred tax asset at start of period	—	
Deferred tax for the period	**199**	—
Deferred tax asset at end of period	**199**	—

9. Trade and other Debtors

	2014	2013 Restated for FRS101
Amounts falling due within one year:	**£000**	£000
Amounts owed by group undertakings	**393**	1,199
Prepayments and accrued income	**562**	257
Deferred tax	**199**	—
Amounts falling due after more than one year:		
Prepayments and accrued income	**1,238**	730
Total Debtors	**2,392**	2,186

10. Cash and bank balances

Under the terms of the Company's arrangements with the Prudential Group's main UK banker, the bank has a right of set-off between credit balances (other than those of long - term business funds) and all overdrawn balances of those Group undertakings with similar arrangements.

11. Trade and other creditors: amounts falling due within one year

	2014	2013 Restated for FRS101
	£000	£000
Amounts owed to group undertakings	**442**	126
Accruals and deferred income	**6,437**	4,455
Group relief payable	**356**	41
Total	**7,235**	4,622

The Company does not follow any code or standard on payment practice with its suppliers but it is the policy of the Company to agree terms of payment when orders for goods or services are placed and to pay in accordance with those terms.

NOTES ON THE FINANCIAL STATEMENTS (continued)

12. Trade and other creditors: amounts falling due after more than one year

	2014	2013 Restated for FRS101
	£000	£000
Accruals and deferred income	705	350
Total	705	350

13. Called-up share capital

	2014	2013
	£000	£000
Ordinary shares		
Balance as at 1 January	4,000	—
Issued and fully paid :		
4,000,000 ordinary shares of £1 each	—	4,000
Issued and unpaid: 1 ordinary shares of £1	—	—
	4,000	4,000

	2014	2013
	£000	£000
Issued during the year		
Issued and fully paid :		
1,800,000 ordinary shares of £1 each	1,800	—
Balance as at 31 December		
Issued and fully paid :		
5,800,000 ordinary shares of £1 each	5,800	4,000
Issued and unpaid: 1 ordinary shares of £1	—	—
Total Issued and Paid Share Capital	5,800	4,000

During the year the Company issued further 1,800,000 ordinary shares of £1 each to Prudential Financial Services Limited. The total consideration of £1,800,000 has been received in cash.

14. Profit and loss account

	2014	2013 Restated for FRS101
	£000	£000
Balance as at 1 January	582	—
(Loss)/profit for the year	(332)	582
Balance as at 31 December	250	582

15. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 relating to the disclosure of transactions with other wholly owned subsidiary undertakings of the Prudential Group. There were no other transactions with related parties.

NOTES ON THE FINANCIAL STATEMENTS (continued)

16. Assets and Liabilities

A. Assets and Liabilities - Measurement and Classification

The classification of the Company's assets and liabilities, and its corresponding accounting carrying values reflect the requirements of IFRS. For financial investments the basis of valuation reflects the Company's application of IAS 39 'Financial Instruments: Recognition and Measurement' as described further below. Where assets and liabilities have been valued at fair value or measured on a different basis but fair value is disclosed, the Company has followed the principles under IFRS 13 'Fair Value Measurement'. The basis applied is summarised below.

2014	**Fair value through profit and loss**	**Cost/ Amortised Cost**	**Total carrying value**	**Fair value where applicable**
	£000	**£000**	**£000**	**£000**
Trade and other debtors	—	**2,392**	**2,392**	**2,392**
Cash at bank and in hand	—	**11,598**	**11,598**	**11,598**
Total assets	—	**13,990**	**13,990**	**13,990**

	Fair value through profit and loss	**Cost/ Amortised cost**	**Total carrying value**	**Fair value where applicable**
	£000	**£000**	**£000**	**£000**
Trade and other creditors	—	**7,940**	**7,940**	**7,940**
Total liabilities	—	**7,940**	**7,940**	**7,940**

2013 Restated for FRS101	Fair value through profit and loss	Cost/ Amortised Cost	Total carrying value	Fair value where applicable
	£000	£000	£000	£000
Trade and other debtors	—	2,186	2,186	2,186
Cash at bank and in hand	—	7,368	7,368	7,368
Total assets	—	9,554	9,554	9,554

	Fair value through profit and loss	Cost/ Amortised Cost	Total carrying value	Fair value where applicable
	£000	£000	£000	£000
Trade and other creditors	—	4,972	4,972	4,972
Total liabilities	—	4,972	4,972	4,972

A fair value hierarchy has not been produced for items held at amortised cost where a fair value is disclosed because the carrying value approximates to the fair value.

Market Risk

The financial assets and liabilities attaching to the Company's business are, to varying degrees, subject to market risk that may have a material effect on the profit or loss and shareholders' funds.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk arises from:

- Interest rate risk: due to changes in market interest rates,
- Currency risk: due to changes in foreign exchange rates, and
- Other price risk: due to fluctuations in market prices (other than those arising from interest rate risk or currency risk).

Interest rate risk

The following table shows an analysis of the classes of financial assets and liabilities and their direct exposure to interest rate risk. Each applicable class of the Company's assets or liabilities are analysed between those exposed to fair value interest rate risk, cash flow interest rate risk and those with no direct interest rate risk exposure.

2014	**Fair value interest rate risk**	**Cash flow interest rate risk**	**Not directly exposed to interest rate risk**	**Total**
	£000	**£000**	**£000**	**£000**
Financial Assets				
Trade and other debtors	—	—	2,392	2,392
Cash at bank and in hand	—	11,598	—	11,598
	—	11,598	2,392	13,990

	Fair value interest rate risk	**Cash flow interest rate risk**	**Not directly exposed to interest rate risk**	**Total**
	£000	**£000**	**£000**	**£000**
Financial Liabilities				
Trade and other creditors	—	—	7,940	7,940
	—	—	7,940	7,940

2013 Restated for FRS101	Fair value interest rate risk	Cash flow interest rate risk	Not directly exposed to interest rate risk	Total
	£000	£000	£000	£000
Financial Assets				
Trade and other debtors	—	—	2,186	2,186
Cash at bank and in hand	—	7,368	—	7,368
	—	7,368	2,186	9,554
Financial Liabilities				
Trade and other creditors	—	—	4,972	4,972
	—	—	4,972	4,972

Liquidity Analysis

(i) Contractual maturities of financial liabilities

The following tables set out the contractual maturities and repricing dates for applicable classes of financial liabilities, excluding derivative liabilities which are separately presented. The financial liabilities are included in the column relating to the contractual maturities and repricing dates at the undiscounted cash flows (including contractual interest payments) due to be paid assuming conditions are consistent with those of year end.

2014	**1 year or less**	**After 1 year to 5 years**	**Total un-discounted cashflows**	**Total carrying value**
	£000	**£000**	**£000**	**£000**
Financial Liabilities				
Other creditors	7,235	705	8,199	7,940
	7,235	705	8,199	7,940

2013 Restated for FRS101	1 year or less	After 1 year to 5 years	Total un-discounted cashflows	Total carrying value
	£000	£000	£000	£000
Financial Liabilities				
Other creditors	4,622	350	5,025	4,972
	4,622	350	5,025	4,972

Currency risk

The Company is not exposed to any currency risk as it does not have any foreign currency exposures.

Other price risk

The Company is not exposed to any other price risk as it does not have any exposure to equity or investment property.

17. Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk factors affecting the Company are described below together with details of the management of the risks.

a) Credit risk

Credit risk is the risk of loss for the Company or of adverse change in the financial position, resulting from fluctuations in the credit standing of counterparties and any debtors in the form of default or other significant credit event.

The debtors are predominantly intragroup and therefore the risk of default is considered to be minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company, although solvent on a balance sheet basis, does not have sufficient resources available to meet its obligations as they fall due, or can secure them only at excessive cost.

This risk is managed through careful management of bank balances and cash-flow forecasting. The Company is covered by the Risk Procedure Manual within the Group and has a defined liquidity appetite.

c) Market risk

Market risk is the risk of loss or adverse change in the financial condition of the Company resulting directly or indirectly, from fluctuations in the level and/or volatility of market prices of assets and liabilities and changes in interest rates.

The Company's exposure to market risk is limited to the interest rate fluctuations on the bank balances held by the Company.

18. Capital requirements and management

The Company is regulated by the Financial Conduct Authority (FCA) as the Company is engaged in insurance and home finance mediation. The Company is also regulated by the FCA as a personal investment firm. The Company is subject to the Prudential Sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU) and the Interim Prudential Sourcebook for Investment Businesses (IPRU (INV)).

As stipulated in MIPRU rule 4.2.11R, the Company is required to maintain capital resources equivalent to the higher of £5k and 2.5% of the annual income from its insurance mediation activity or home finance mediation activity (or both).

The Company is a B3 firm as defined under IPRU(INV) and is required to maintain own funds of £10k at all times as stipulated in IPRU(INV) rule 13. 10. Rule 13.11 requires the Company to maintain net current assets of more than £1. The Company is also subject to the expenditure based requirement and is required to maintain capital resources equivalent to 4/52 of the fixed annual expenditure as stipulated in rule 13.12.

As at 31 December 2014, the minimum regulatory capital requirement of the Company was £2,302k (2013: £1,010k) (Re-stated for FRS101) against which the Company had capital resources amounting to £6,050k (2013: £4,582k).

19. Immediate and ultimate parent company

The Immediate parent company is Prudential Financial Services Limited. The ultimate parent company is Prudential plc which is the only parent company which prepares group accounts. Copies of which can be obtained from the Company Secretary, Laurence Pountney Hill, London, EC4R 0HH.

20. Explanation of transition to FRS101

As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS101. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 December 2014, the comparative information presented in these financial statements for the year ended 31 December 2013 and in the preparation of an opening balance sheet at 1 January 2013, the Company's date of transition.

In preparing its FRS101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UKGAAP). An explanation of how the transition from UKGAAP to FRS101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

NOTES ON THE FINANCIAL STATEMENTS (continued)

	UKGAAP	Effect of Transition to FRS101	FRS101
	£000	£000	£000
Balance Sheet as at 31 December 2013			
Current Assets			
Trade and other debtors			
Amounts owed by Group undertakings	1,199	—	1,199
Prepayments and accrued income	74	913	987
Cash and bank balances	7,368	—	7,368
Total current assets	**8,641**	**913**	**9,554**
Current Liabilities			
Trade and other creditors: amounts falling due within one year			
Amount owed to group undertakings	126	—	126
Accruals and deferred income	4,341	114	4,455
Group relief payable	41	—	41
	4,508	**114**	**4,622**
Net current assets	**4,133**	**799**	**4,932**
Trade and other creditors: amounts falling due within one year	—	**350**	**350**
Net Assets	**4,133**	**449**	**4,582**
Capital and reserves			
Called-up share capital	4,000	—	4,000
Opening retained earnings	—	—	—
Retained profit for the year	133	449	582
Shareholders' funds	**4,133**	**449**	**4,582**

	UKGAAP	Effect of Transition to FRS101	FRS101
	£000	£000	£000
Profit and Loss for the period ended 31 December 2013			
Turnover	12,834	913	13,747
Staff costs	(5,957)	—	(5,957)
Other operating charges	(6,710)	(464)	(7,174)
Operating Profit	**167**	**449**	**616**
Interest receivable	12	—	12
Interest payable	(5)	—	(5)
Profit on ordinary activities for the year before taxation	**174**	**449**	**623**
Taxation on profit on ordinary activities	(41)	—	(41)
Retained profit for the year	**133**	**449**	**582**

Previously income earned from services provided was recorded on an accruals basis. Under FRS 101, IAS18 Revenue Recognition is now adopted, and the income earned from services provided is now recognised up front in the year in which the service is rendered if the management has no obligation to provide further services over the life of the contract. The income from initial advisor charges on regular premium products is earned over a period of five years, however, the advice services are provided in the first year. Under FRS 101, the income so earned has been recognised upfront after applying the relevant discounting factors and providing for lapses.